

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7265

BILL NUMBER: HB 1857

NOTE PREPARED: Jan 13, 2003

BILL AMENDED:

SUBJECT: Public Safety Officers' Survivors' Benefits.

FIRST AUTHOR: Rep. Lawson L

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires that the public employer of a public safety officer who dies in the line of duty provide and pay for health insurance coverage for the officer's surviving spouse and dependent children. The bill requires that the health insurance provided to a surviving spouse and dependent child must be equal in coverage to that offered to active public safety officers.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The bill would increase the cost incurred by the state for providing health care benefits to survivors of public safety employees who died in the line of duty. Some portion of the costs presented in *Explanation of Local Expenditures* would be borne by the state. As of December 2002, there were 79 survivors of police and fire officers. This bill adds other safety officers to the list of eligible employees. The total number of survivors of these additional public safety officers is unknown. However, PERF states that there have been a total of 17 public safety officers killed in the line of duty during the past five years. There are 24 dependents of these officers that would qualify for health benefits under the provisions of this bill. It is not known as to how many of these officers served in state positions. Thus, the total cost to the state would be some portion of the costs presented below.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill would increase the cost incurred by local units of government for providing health care benefits to survivors of public safety employees who died in the line of duty. The minimum cost of the bill is estimated to be approximately \$487,000 annually. (Note: This estimate is based on the existing pool of survivors, only. Each year, there may be additional survivors for whom health insurance would need to be provided.) Several cost ranges are provided below based on: (1) the premium cost

of three separate employee health plans; and (2) the distribution of coverage among survivors. Under the provisions of this bill, the cost of benefits would be borne by the unit of local or state government that employed a member of one of the identified funds who died in the line of duty.

Currently, there are 79 known survivors of police and fire officers. The total number of survivors of public safety officers is unknown. However, 17 public safety officers have died in the line of duty from 1998 through 2002. There are 24 survivors of these officers, including 11 children who may qualify for insurance coverage under the bill.

A total of 25 survivors are identified as children. Children are eligible for the healthcare benefit until the age of 18, the age of 23 if enrolled in and currently attending secondary school, or for the duration of the child's physical or mental disability. The ages of the identified children are unknown. Therefore, the estimated cost may be lower depending upon the eligibility of these individuals.

The minimum cost range would apply if all survivors selected single coverage. The maximum cost range applies if all survivors, less the identified children, select family coverage. The middle cost range applies if the distribution of coverage among qualifying survivors is similar to state employees.

Cost Estimate for State Health Insurance -

- (1) All survivors select single coverage - The estimated cost would be approximately \$487,000 annually.
- (2) All survivors select family coverage, identified children assumed part of a family plan - The estimated cost would be approximately \$965,000 annually.
- (3) Distribution of coverage among qualifying survivors is similar to that for state employees - The estimated cost would be approximately \$998,000 annually.

Cost Estimate for Local Unit Group Buy-in to State Health Insurance -

- (1) All survivors select single coverage - The estimated cost would be approximately \$664,000 annually.
- (2) All survivors select family coverage, identified children assumed part of a family plan - The estimated cost would be approximately \$1.35 M annually.
- (3) Distribution of coverage among qualifying survivors is similar to that for state employees - The estimated cost would be approximately \$1.4 M annually.

Cost Estimate for Insurance based on City of Indianapolis Rates -

- (1) All survivors select single coverage - The estimated cost would be approximately \$655,000 annually.
- (2) All survivors select family coverage, identified children assumed part of a family plan - The estimated cost would be approximately \$1.4 M annually.
- (3) Distribution of coverage among qualifying survivors is similar to that for state employees - The estimated cost would be approximately \$1.5 M annually.

Background: Based on research by the Public Employees' Retirement Fund (PERF) there are 79 survivors of police and fire officers who died in the line of duty. In addition, PERF identified an additional 24 survivors of public safety officers that died in the line of duty during the past five years. The cost ranges above are based on insurance coverage for 103 survivors.

Three cost scenarios are provided for these survivor benefits. Health insurance cost estimates use average costs for: (1) state health insurance plans, (2) local policies purchased under P.L.286-2001 through state insurance providers, and (3) health insurance costs for the City of Indianapolis.

Each cost scenario has three estimates reflecting the following variations: (1) all survivors sign up for single coverage, (2) all survivors sign up for family coverage - except identified children who are assumed to be covered by another party's family plan, and (3) a distribution similar to state employees.

These estimates assume that the premium cost of single and family health insurance coverage provided by local units is equivalent to the average single and family premium cost of the respective health plans. Premiums for health coverage provided by local units vary depending upon the size of the insured group and the claims experience of the group. Thus, actual expenses may be higher or lower than these estimates.

Insurance Rates:

State Plan - On average, the CY 2003 state health insurance rate for single coverage is approximately \$4,700, and family coverage is approximately \$12,400.

Local Unit Group Buy-in to State Health Insurance - On average, the CY 2003 LUG state health insurance rate for single coverage is approximately \$6,400, and family coverage is approximately \$17,300.

City of Indianapolis Plan - On average, the CY 2003 health insurance rate for single coverage is approximately \$6,400, and family coverage is approximately \$18,400.

Public Safety Officers: This bill includes the following positions in the definition of "public safety officer":

- A member of a fire department (def. IC 36-8-1-8),
- A member of a police department (def. IC 36-8-1-9),
- A state police officer,
- A county sheriff,
- A county police officer,
- A correctional officer,
- An excise police officer,
- A county police reserve officer,
- A city police reserve officer,
- A conservation enforcement officer,
- A town marshal,
- A deputy town marshal,
- A probation officer,
- A state university police officer (appt. under IC 20-12-3.5), and
- An emergency medical services provider (def. IC 36-1-2-13) that meets certain criteria.

Explanation of Local Revenues:

State Agencies Affected: Department of Natural Resources, State Police, Department of Corrections, and State Universities.

Local Agencies Affected: Local Government Units and Courts.

Information Sources: Tom Parker, Public Employees' Retirement Fund, 233-4146; Patti Vennemann, Human Resources Division, City of Indianapolis, (317) 327-5653.

Fiscal Analyst: Michael Molnar, 317-232-9559